



Michigan Association of Convention and Visitor Bureaus

Testimony of Lisa Shanley
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Executive Director of South Haven/Van Buren County CVB
In Support of House Bill 5245
Wednesday, December 5, 2012

The Honorable Mike Kowall
Senate Committee on Economic Development
Michigan Senate

Good afternoon Chairman Kowall and members of the Committee. Before I get started, I would like to thank all of you for your service to our state. Making Michigan a better place to live, work, visit and play is why we are all here!

My name is Lisa Shanley and it is, indeed, a great honor for me to appear before you. I am the executive director of the South Haven Visitors Bureau, and also serve as president of the Michigan Association of Convention and Visitors Bureaus, a statewide organization of 45 large and small convention and visitors bureaus whose mission is to serve and advocate for our members through education and communication, while representing their legislative interests.

Today, we are here to show our support for House Bill 5245, a bill which would provide a local CVB with additional enforcement tools if they are forced to go to court to collect their local marketing assessments from delinquent lodging properties.

Authorized by the Community Convention or Tourism Marketing Act, PA395 of 1980, your local CVB exists to promote convention business and tourism in certain counties and areas throughout Michigan. The CVB marketing programs are financed through a room assessment which is voluntarily established by the owners of transient facilities. It is legally and constitutionally not a tax, but rather a self-imposed assessment put in place by a vote of the owners of the lodging properties within a district.

Because CVB assessments are not an actual tax levy, the normal enforcement tools available for the collection of delinquent taxes are not available to the local CVB. In essence, local CVB's must commence their own independent civil court

action grounded in contract law to force a transient facility to turn over the room assessments that are due from the lodging establishment, but not remitted to the CVB.

Engaging in this type of independent court action can be of considerable expense to the CVB. Knowing that after the CVB pays for attorney fees, court costs, and the time spent pursuing legal redress (meaning not much could be left over), a handful of lodging properties will try to take advantage of the situation and keep the funds for their own purposes.

HB5245 will allow the CVB to recover attorney fees and court costs incurred to collect delinquent assessments. Based on my experience, this could go a long way toward persuading delinquent facilities to remit assessments they have already collected - but kept for themselves - before the CVB commences a court action. Or, at least if the CVB is forced to follow through with court action, it will be made whole for its efforts to collect delinquent assessments - meaning the other lodging facilities in the CVB district will be able to have their assessments used for the original purpose (destination marketing), rather than attorney fees and court costs.

In conclusion, it is MACVB's sincere hope that you will see why HB5245 makes sense, and see to it that the dollars lodging properties collect on behalf of your local CVB are used for that which they are intended - destination marketing!

Once again, thank you for the opportunity to be here. If there are any questions, I would be happy to try to answer them at this time.



The Michigan Association of Convention and Visitor Bureaus (MACVB) supports House Bill No. 5245, legislation to provide enforcement tools to a local CVB and make them whole if they are forced to go to court to collect their local marketing assessment for tourism promotion programs.

Summary and Rational:

- The "Community Convention or Tourism Marketing Act", PA395 of 1980, is an act relating to the promotion of convention business and tourism in certain counties and areas throughout Michigan to provide for tourism marketing programs through a non-profit Convention and Visitor Bureau (CVB).
- The CVB marketing and tourism promotion programs are financed through a room assessment which is voluntarily established by the owners of the transient facilities in the CVB. It is legally and constitutionally not a tax, but a self-imposed assessment put in place by a vote of the owners of the transient facilities within the local assessment district.
- Because these CVB assessments are not an actual tax levy, the normal enforcement tools available for the collection of delinquent taxes is not available to the local CVB. In essence, the local CVB must commence their own independent civil court action grounded in contract law to force a wrong doing transient facility to turn over the room assessments.
- Engaging in this type of independent court action can be a considerable expense for the CVB. Knowing that after the CVB pays for attorney fees, court costs, and the time spent pursuing legal redress, not much could be left over, it is not uncommon for a wrong doing facility to try to take advantage of this financial impediment to enforcement.
- HB5245 will allow the CVB to recover attorney fees incurred in collecting the delinquent assessments. Based on experience from other venues, this could go a long way in persuading delinquent facilities to remit the assessments they have already collected (but kept for themselves) before the CVB commences a court action. Or, at least if the CVB is forced to follow through with the court action, it will be made whole for its efforts to collect the delinquent assessments on behalf of the local tourism industry.
